- Total expenditure on health as percentage of GDP
- General government expenditure on health as percentage of total general government expenditure
- Per capita total expenditure on health at international dollar rate

Rationale for use

Health financing is a critical component of health systems. National health accounts (NHA) provide large set of indicators based on the expenditure information collected within a internationally recognized framework. NHA are a synthesis of the financing and spending flows recorded in the operation of a health system, from funding sources to the distribution of funds across providers and functions of health systems and benefits across geographical, demographic, socioeconomic and epidemiological dimensions.

Definition

Total health expenditure as percentage of Gross Domestic Product (GDP).

Percentage of total general government expenditure that is spent on health.

Per capita total expenditure on health at international dollar rate.

Associated terms

Total expenditure on health is the sum of general government health expenditure and private health expenditure in a given year, calculated in national currency units in current prices.

GDP is the value of all goods and services provided in a country by residents and non-residents without regard to their allocation among domestic and foreign claims. This corresponds to the total sum of expenditure (consumption and investment) of the private and government agents.

General government expenditure includes consolidated direct outlays and indirect outlays (e.g. subsidies to producers, transfers to households), including capital of all levels of government, social security institutions, autonomous bodies, and other extrabudgetary funds.

General government expenditure on health comprises the direct outlays earmarked for the enhancement of the health status of the population and/or the distribution of medical care goods and services among population by the following financing agents: central/federal, state/provincial/regional, and local/municipal authorities; extrabudgetary agencies, social security schemes; parastatals. All can be financed through domestic funds or through external resources.

International dollars are derived by dividing local currency units by an estimate of their Purchasing Power Parity (PPP) compared to US dollar, i.e. the measure which minimizes the consequences of differences in price levels between countries.

Data sources & Methods of estimation

Only about 95 countries either have produced full national health accounts or report expenditure on health to OECD. Standard accounting estimation and extrapolation techniques have been used to provide time series. The principal international references used are the International Monetary Fund (IMF) Government finance statistics and International financial statistics; OECD health data and International development statistics; and the United Nations National accounts.
statistics. National sources include: national health accounts reports, public expenditure reports, statistical yearbooks and other periodicals, budgetary documents, national accounts reports, statistical data on official web sites, central bank reports, nongovernmental organization reports, academic studies, and reports and data provided by central statistical offices and ministries.

Disaggregation

By public and private components and subcomponents is not presented here but is available on the website: (http://www.who.int/nha)

References


Database

- National Health Accounts, World Health Organization: (http://www.who.int/nha)

Comments

Estimated health expenditure are collected by triangulating information from several sources to ensure that the outlays constitute the bulk of the government/private expenditure on health. Some figures may be underestimated when it is not possible to obtain local government, nongovernmental organizations and insurance expenditures data.
- General government expenditure on health as percentage of total expenditure on health
- General government expenditure on health as percentage of total government expenditure
- External resources for health as percentage of total expenditure on health
- Social security expenditure on health as percentage of general government expenditure on health
- Out-of-pocket expenditure as percentage of private expenditure on health
- Private prepaid plans as percentage of private expenditure on health
- Per capita total expenditure on health at average exchange rate (US$)
- Per capita government expenditure on health at average exchange rate (US$)
- Per capita government expenditure on health at international dollar rate

Rationale for use

Health financing is a critical component of health systems. National health accounts (NHA) provide a large set of indicators based on the expenditure information collected within an internationally recognized framework. NHA are a synthesis of the financing and spending flows recorded in the operation of a health system, from funding sources to the distribution of funds across providers and functions of health systems and benefits across geographical, demographic, socioeconomic and epidemiological dimensions.

Definition

Key indicators for which the data are available:

Level of total health expenditure (THE) as % of GDP, and per capita health expenditures in US dollars and in international dollars.

Distribution of public and private sectors in financing health and their main components, such as:

- Extent of social and private health insurance
- Burden on households’ through out of pocket spending
- Reliance on external resources in financing health

Associated terms

**Gross domestic product** (GDP) is the value of all goods and services provided in a country by residents and non-residents. This corresponds to the total sum of expenditure (consumption and investment) of the private and government agents of the economy during the reference year.

**General government expenditure** (GGE) includes consolidated direct outlays and indirect outlays, such as subsidies and transfers, including capital, of all levels of government social security institutions, autonomous bodies, and other extrabudgetary funds.

**Total expenditure on health** (THE) is the sum of general government health expenditure and private health expenditure in a given year, calculated in national currency units in current prices.
It comprises the outlays earmarked for health maintenance, restoration or enhancement of the health status of the population, paid for in cash or in kind.

**General government expenditure on health** (GGHE) is the sum of outlays by government entities to purchase health care services and goods. It comprises the outlays on health by all levels of government, social security agencies, and direct expenditure by parastatals and public firms. Expenditures on health include final consumption, subsidies to producers, and transfers to households (chiefly reimbursements for medical and pharmaceutical bills). It includes both recurrent and investment expenditures (including capital transfers) made during the year. Besides domestic funds it also includes external resources (mainly as grants passing through the government or loans channelled through the national budget).

**Social security expenditure on health** (SSHE) includes outlays for purchases of health goods and services by schemes that are mandatory and controlled by government. Such social security schemes that apply only to a selected group of the population, such as public sector employees only, are also included here.

**External resources** (ExtHE) includes all grants and loans whether passing through governments or private entities for health goods and services, in cash or in kind.

**Private health expenditure** (PvtHE) is defined as the sum of expenditures on health by the following entities:

- **Prepaid plans** and risk-pooling arrangements (PrepaidHE): the outlays of private insurance schemes and private social insurance schemes (with no government control over payment rates and participating providers but with broad guidelines from government)

- **Firms’ expenditure on health**: the outlays by private enterprises for medical care and health-enhancing benefits other than payment to social security or other pre-paid schemes.

- **Non-profit institutions serving mainly households** (NGO’s): outlays of those entities whose status do not permit them to be a source of financial gain for the units that establish, control or finance them. This includes funding from internal and external sources.

- **Household out-of-pocket spending** (OOPs): the direct outlays of households, including gratuities and in-kind payments made to health practitioners and to suppliers of pharmaceuticals, therapeutic appliances and other goods and services. This includes household direct payments to public and private providers of health care services, non-profit institutions, and non-reimbursable cost sharing, such as deductibles, copayments and fee for services.

**Exchange rate**: the annual average or year end number of units at which a currency is traded in the banking system.

**International dollars** are derived by dividing local currency units by an estimate of their Purchasing Power Parity (PPP) compared to US dollar, i.e. the measure which minimizes the consequences of differences in price levels between countries.

**Data sources & Methods of estimation**

About 100 countries either have produced full national health accounts or report expenditure on health to OECD. Standard accounting estimation and extrapolation techniques have been used to provide time series (1998-2004). Ministries of Health have responded to the draft updates sent for their inputs and comments.
The principal international references used are the International Monetary Fund (IMF), Government finance statistics and International financial statistics; OECD health data; and the United Nations National accounts statistics. National sources include: national health accounts reports, public expenditure reports, statistical yearbooks and other periodicals, budgetary documents, national accounts reports, central bank reports, nongovernmental organization reports, academic studies, reports and data provided by central statistical offices and ministries and statistical data on official web sites.

For details on sources and methods see annex notes to the WHR on the website www.who.int/nha.

Disaggregation

By providers and functions are not available here but could be accessed from individual NHA reports of the countries.

References


Database

- National Health Accounts, World Health Organization: (http://www.who.int/nha)

Comments

Estimated health expenditure are collected by triangulating information from several sources to ensure that the outlays constitute the bulk of the government/private expenditure on health. Some figures may be underestimated when it is not possible to obtain local government, nongovernmental organizations and insurance expenditures data.